

HARVARD BIOSCIENCE INC

Form 10-Q

August 09, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2011

.. **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission file number 001-33957

HARVARD BIOSCIENCE, INC.

(Exact Name of Registrant as Specified in Its Charter)

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Delaware (State or Other Jurisdiction of Incorporation or Organization)	04-3306140 (IRS Employer Identification No.)
84 October Hill Road, Holliston, MA (Address of Principal Executive Offices)	01746 (Zip Code)
(508) 893-8999 (Registrant's telephone number, including area code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of August 1, 2011, there were 28,489,100 shares of Common Stock, par value \$0.01 per share, outstanding.

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For the Quarter Ended June 30, 2011

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Table of Contents**PART I. FINANCIAL INFORMATION****Financial Statements.****HARVARD BIOSCIENCE, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(unaudited, in thousands, except share and per share amounts)**

	June 30, 2011	December 31, 2010
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 21,747	\$ 19,704
Accounts receivable, net of allowance for doubtful accounts of \$281 and \$273, respectively	14,458	15,440
Inventories	19,005	15,832
Deferred income tax assets - current	5,222	5,441
Other receivables and other assets	2,448	2,149
Total current assets	62,880	58,566
Property, plant and equipment, net	3,438	3,146
Deferred income tax assets - non-current	6,175	6,125
Amortizable intangible assets, net	20,864	21,908
Goodwill	34,065	33,416
Other indefinite lived intangible assets	1,302	1,276
Other assets	286	360
Total assets	\$ 129,010	\$ 124,797
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 5,367	\$ 4,925
Deferred revenue	497	451
Accrued income taxes payable	516	578
Accrued expenses	3,646	4,693
Other liabilities - current	318	649
Total current liabilities	10,344	11,296
Long-term debt, less current installments	17,107	18,009
Deferred income tax liabilities - non-current	1,023	954
Other liabilities - non-current	3,727	4,290
Total liabilities	32,201	34,549
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 5,000,000 shares authorized		
Common stock, par value \$0.01 per share, 80,000,000 shares authorized; 36,217,732 and 36,057,974 shares issued and 28,472,225 and 28,312,467 shares outstanding, respectively	362	361

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Additional paid-in-capital	189,236	187,893
Accumulated deficit	(80,397)	(83,442)
Accumulated other comprehensive income	(1,724)	(3,896)
Treasury stock at cost, 7,745,507 common shares	(10,668)	(10,668)
Total stockholders' equity	96,809	90,248
Total liabilities and stockholders' equity	\$ 129,010	\$ 124,797

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Revenues	\$ 27,143	\$ 25,905	\$ 53,456	\$ 52,205
Cost of product revenues	14,358	13,855	28,301	27,373
Gross profit	12,785	12,050	25,155	24,832
Sales and marketing expenses	4,271	4,191	8,449	7,998
General and administrative expenses	4,206	3,807	8,561	8,068
Research and development expenses	1,128	1,102	2,395	2,309
Restructuring charges	(28)		(28)	
Amortization of intangible assets	689	578	1,310	1,109
Total operating expenses	10,266	9,678	20,687	19,484
Operating income	2,519	2,372	4,468	5,348
Other income (expense):				
Gain from adjustment of acquisition contingencies		429		429
Foreign exchange	(11)	(81)	(33)	(107)
Interest expense	(192)	(129)	(386)	(284)
Interest income	16	7	31	49
Other, net	(332)	(101)	(406)	(116)
Other income (expense), net	(519)	125	(794)	(29)
Income before income taxes	2,000	2,497	3,674	5,319
Income tax expense	630	615	629	1,216
Net income	\$ 1,370	\$ 1,882	\$ 3,045	\$ 4,103
Income per share:				
Basic earnings per common share	\$ 0.05	\$ 0.06	\$ 0.11	\$ 0.14
Diluted earnings per common share	\$ 0.05	\$ 0.06	\$ 0.10	\$ 0.14
Weighted average common shares:				
Basic	28,428	29,577	28,408	29,580
Diluted	30,187	30,044	29,844	29,993

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	Six Months Ended	
	June 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 3,045	\$ 4,103
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock compensation expense	1,210	1,233
Depreciation	638	588
Gain on acquisition contingencies		(429)
Gain on sales of fixed assets	(15)	(10)
Restructuring charge	(28)	
Amortization of catalog costs	145	156
Provision for allowance for doubtful accounts	15	(32)
Amortization of intangible assets	1,310	1,109
Amortization of deferred financing costs	44	44
Deferred income taxes	233	235
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	1,289	(43)
Increase in inventories	(2,812)	(864)
Increase in other receivables and other assets	(217)	(80)